

105TH CONGRESS
2D SESSION

H. RES. 447

Expressing the sense of the House of Representatives regarding financial management by Federal agencies.

IN THE HOUSE OF REPRESENTATIVES

MAY 21, 1998

Mr. NEUMANN (for himself, Mr. HORN, Mr. ARMEY, Mr. FAWELL, Mr. ROYCE, Mr. SESSIONS, Mr. BARTON of Texas, Mr. ENGLISH of Pennsylvania, Mr. HAYWORTH, Mr. CALVERT, and Mr. BURTON of Indiana) submitted the following resolution; which was referred to the Committee on Government Reform and Oversight

RESOLUTION

Expressing the sense of the House of Representatives regarding financial management by Federal agencies.

Whereas financial audits are an essential tool to establish accountable, responsible, and credible use of taxpayer dollars;

Whereas Congress needs such information to accurately measure performance of Federal agencies and distribute scarce resources;

Whereas Federal agencies should meet the same audit standards with which such agencies expect State and local governments, the private sector, and Federal contractors from which such agencies purchase goods and services to comply;

Whereas sections 331 and 3515 of title 31, United States Code (as enacted in section 405 of the Government Management Reform Act of 1994 (Public Law 103–356; 108 Stat. 3415)), require that Federal agencies prepare annual financial statements and have them audited, and that the Secretary of the Treasury prepare a consolidated financial statement for Federal agencies that is audited by the Comptroller General;

Whereas the enactment of these provisions resulted in the first time ever that the financial status of the entire Federal Government was subjected to the same professional scrutiny to which many who interact with the Federal Government are subject;

Whereas section 3521 of title 31, United States Code, requires that the audit follow the Generally Accepted Government Auditing Standards, which incorporate the common, private sector guidelines of the American Institute of Certified Public Accountants Statements on Auditing Standards;

Whereas Congress intended these audit requirements to provide greater accountability in managing government finances by improving financial systems, strengthening financial personnel qualifications, and generating more reliable, timely information on the costs and financial performance of government operations;

Whereas the data found in the financial reports was not sufficiently reliable to permit the General Accounting Office to render an opinion on the Government's financial statements;

Whereas only 2 of the 24 Federal agencies required to submit reports have reliable financial information, effective inter-

nal controls, and complied with applicable laws and regulations;

Whereas the financial statements of the Department of Defense could not be relied on to provide basic information regarding the existence, location, and value of much of its \$635,000,000,000 in property, plant, and equipment;

Whereas the Department of Defense could not account for 2 utility boats valued at \$174,000 each, 2 large harbor tug boats valued at \$875,000 each, 1 floating crane valued at \$468,000, 15 aircraft engines (including 2 F-18 engines valued at \$4,000,000 each), and one Avenger Missile Launcher valued at \$1,000,000;

Whereas inaccurate or unreliable data, such as the findings that 220 more tanks, 10 fewer helicopters, 25 fewer aircraft, and 8 fewer cruise missiles existed than those reported in the system of the Department of Defense, harms deployment activities;

Whereas the Department of Housing and Urban Development spends \$18,000,000,000 each year in rent and operating subsidies, with \$1 of every \$18 being paid out unjustifiably;

Whereas financial management is so poor within Federal credit agencies that the true cost of the Federal Government's loan and guarantee programs cannot be reliably determined;

Whereas the Federal Aviation Administration's records regarding \$5,500,000,000 in equipment and property are unreliable, including \$198,000,000 in recorded assets that no longer exist, \$245,000,000 in spare parts that were omitted from the financial statements, and

\$3,300,000,000 in works-in-process that could not be verified;

Whereas the Forest Service lacks a reliable system for tracking its reported 378,000 miles of roads;

Whereas the Medicare program identified an estimated \$20,300,000,000 worth of improper payments in fiscal year 1997;

Whereas the Social Security Administration has identified \$1,000,000,000 in overpayments for fiscal year 1997;

Whereas the Department of the Treasury recorded a net \$12,000,000,000 “plug” recorded as “unreconciled transactions”, made up of over \$100,000,000,000 of unreconciled, unsupported transactions, to make its books balance; and

Whereas the dominance of rampant disclaimers, mismanagement, and poor recordkeeping in the Federal Government exposes taxpayers to continued waste, fraud, error, and mismanagement, and provides inadequate information to Congress for budget, appropriations, and reauthorization decisions: Now, therefore, be it

1 *Resolved*, That it is the sense of the House of Rep-
2 resentatives that—

3 (1) the first-ever Governmentwide financial
4 audit demonstrated gross mismanagement by Fed-
5 eral agencies;

6 (2) current reform and reinvention efforts with
7 respect to financial management by Federal agencies
8 have failed; and

1 (3) therefore, Congress must impose con-
2 sequences on Federal agencies that fail their annual
3 financial audits and conduct more vigorous oversight
4 to ensure that Federal agencies do not waste the tax
5 dollars of the people of the United States.

○